SCHOOL BOARD MEMBERS: FORGOTTEN REFORMERS? SEE CENTERSPREAD

Rx for better education: MORE CHOICE page 16

School Reform News

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Parents Rally for Vouchers at U.S. Supreme Court

Back with "unfinished business" from Brown v. Board of Education

BY GEORGE A. CLOWES

Although dismissed by school choice opponents as merely "inconsequential conduits," voucher-empowered parents from Cleveland rallied with supporters outside the U.S. Supreme Court building on February 20, as the nine Justices inside heard oral arguments on the constitutionality of an Ohio program that offers low-income parents publicly funded vouchers to help defray the cost of sending their children to an alternative school, public or private, secular or religious.

"On this great day in history, our esteemed Justices of the United States Supreme Court hear oral arguments about whether parents and their children across this great nation of ours will be able to exercise the fundamental principle of school choice," said rallymaster Bert Holt, former program administrator for the Cleveland Scholarship and Tutoring Program.

Victory Predicted

Institute for Justice Vice President Clint Bolick welcomed to Washington, DC the crowd of 600

RALLY continued on page 13

An exuberant young child from Richmond, Virginia, carries a provocative message at the School Choice rally outside the United States Supreme Court in Washington, DC, on February 20. Opponents and proponents of the Cleveland, Ohio, voucher program presented oral arguments before the nation's high court. Photo: Kelly Amis / Education Allies

Almost 1 in 8 Students Labeled "Disabled"

NRC study shows minority and male children over-represented

BY DON SOIFER

A new study by the National Research Council shows enrollment in special education programs is growing at an unprecedented pace, with nearly one in eight students now labeled as disabled.

The study also reports some troubling trends regarding the disproportionately large representation of minority and male children in those programs. The likelihood of certain minority students being assessed as learning disabled or mentally retarded varies significantly by state.

The NRC's Committee on Minority Representation in Special Education produced the study, "Minority Students in Special and Gifted Education," edited by M. Suzanne Donovan and Christopher T. Cross. The study comes as Congress commences its examination of special education funding and regulations under the federal Individuals with Disabilities Education Act (IDEA).

"Costs Have Mushroomed"

"Over the years, special education costs have mushroomed, straining the budgets of state and local government," editorialized *The Washington Post* last November.

The question of increased federal funding for special education programs created some of the most impassioned moments of last year's deliberations over President George W. Bush's "No Child Left Behind Act," at times threatening to derail the entire process.

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Century-Old Voucher Programs Show Benefits of Choice

"Tuitioning" quietly flourishes in rural New England

BY KELLY AMIS

A new report from the Milton & Rose D. Friedman Foundation disproves several misconceptions about publicly funded school choice: namely, that the school voucher concept is new, that its benefits are unproven, and that vouchers work only in densely populated areas with large supplies of schools.

In Vermont and Maine, school vouchers have been in use for over a century through town "tuitioning" programs, which serve students living in rural areas of the New England states. According to the report, the programs have increased school performance in regions where they have produced competition among providers. That competition appears to benefit all students it reaches, without regard to racial and economic differences.

Children from low-income and affluent families alike benefit from the tuitioning programs. For example, the town of Granby in Essex County, Vermont, has a median income of roughly $27,000 and some of the highest poverty levels in the state. Yet the town tuitions out all of its secondary students.

"Few people know that Maine and Vermont

VOUCHER continued on page 8

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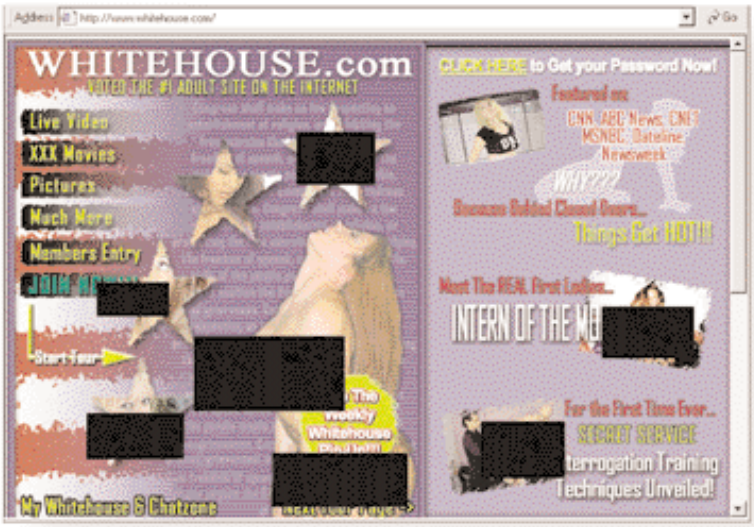

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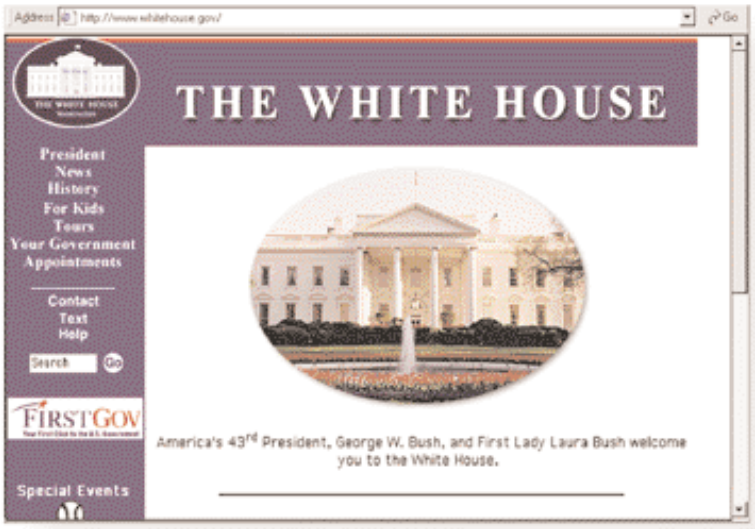

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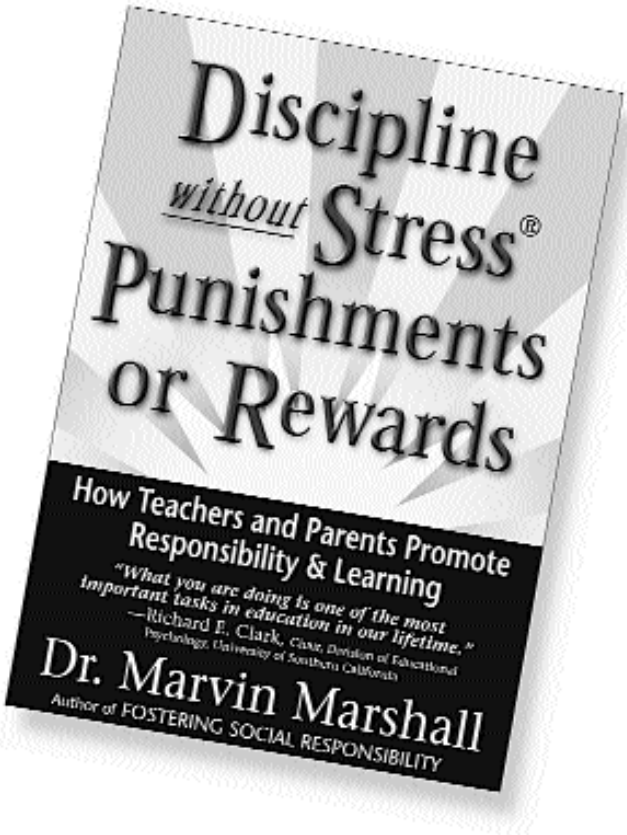
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Check the website for a detailed Table of Contents

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Bush Proposes Education Tax Credits

President's 2003 budget would expand school choice

BY ROBERT HOLLAND AND DON SOIFER

President George W. Bush's budget for Fiscal Year 2003 seeks to build on the momentum of the recently enacted "No Child Left Behind Act" by offering parents new financial clout to choose better-performing schools when their children's public school has been identified as failing.

The President's proposals include a new federal tax credit that would cover 50 percent of the first $5,000 of expenses a family incurred to transfer a child from a failing public school to a school of choice, including a private or parochial school or home school. The credit would be refundable—i.e., a direct refund from the federal Treasury—for families with incomes so low they don't pay taxes. The President's budget includes $3.5 billion over five years to fund the tax credit.

"Low-income parents in disadvantaged communities with failing schools should have the same education choices that affluent parents have," said House Education Committee Chairman John Boehner (R-Ohio). "Giving parents this choice will broaden the escape route for students trapped in failing schools. It will also energize the public education system and spur struggling schools to succeed."

States Lead the Way

In embracing the concept of federal tax credits for school choice, Bush is following the lead of several states. Illinois, Iowa, and Minnesota offer credits or deductions on state income taxes for private school education expenses, and Arizona, Florida, and Pennsylvania have rapidly growing tax credit programs for private contributions to scholarships that empower needy children to enroll in private schools. Unlike the Bush plan, use of the state tax credits is not limited to families whose children are in designated failing public schools.

The President's budget also includes a program that would set aside $200 million to stimulate the further growth of charter schools, with an emphasis on schools for students from economically disadvantaged backgrounds. In addition, a proposed $100 million Credit Enhancement for Charter School Facilities will help charters acquire, lease, and renovate school facilities by assisting with activities that facilitate private lending, such as loan guarantees and debt insurance. Facility acquisition is often the greatest obstacle facing charter school entrepreneurs, and safe and functional housing for charter schools can be most difficult to find in urban areas where their mission is most vital.

A third proposal in the budget is for a $50 million school choice demonstration fund to support research that develops, implements, and evaluates innovations to provide parents with increased educational options, including both private and public school choice.

The tax credit proposal represents Bush's continuing aim to enhance parental choice in education at the federal level. His "No Child Left Behind" Act, reforming the 1965 Elementary and Secondary Education Act, helps low-income parents by allowing their child's federal Title I subsidy—up to $1,000—to follow the child from the failing school to remedial education providers such as private tutors, including those affiliated with faith-based institutions. Congress agreed to such aid being made retroactive so that parents at as many as 3,000 public schools already identified as chronically failing will be able to use the stipends to choose supplemental services as early as this fall.

The tax reform championed by the President last summer offers broad-based tax breaks for parents exercising choice via expanded Coverdell Education Savings Accounts, which now cover not just higher education but also the expenses of public, private, or home schooling of children in kindergarten through grade 12. Parents or other private benefactors—including corporations—may contribute up to $2,000 a year to a child's ESA. The build-up of interest in the accounts is tax-free, and neither principal nor interest is taxable upon withdrawal if families use the money for legitimate education purposes, such as tuition, tutoring, books, or computer hardware/software.

Robert Holland is senior fellow and Don Soifer is executive vice president with the Lexington Institute.

Is it Wrong to Remove a Child from a Failing School?

It did not take opponents of school choice long to respond to President George W. Bush's inclusion of tuition tax credits in the 2003 budget proposal he released on February 4. The tax credits would help defray the cost of private school expenses for parents who wanted to pull their children out of schools the state had identified as failing.

"Tuition tax credits are just another version of vouchers," said a statement issued by the National Education Association on February 6. "Both the House and Senate by strong bipartisan margins rejected private schools vouchers last year. In states across the nation, voters have repeatedly rejected vouchers. Let's not waste time pushing proposals that have consistently been rejected."

That was too much for the Education Leaders Council, a nonprofit, nonpartisan organization of practicing education reformers led by former Arizona State Superintendent of Instruction Lisa Graham Keegan. According to an ELC news release, the NEA is laboring under not one but two misconceptions.

"First, tuition tax credits are *not* just another version of vouchers; second, they do *not* represent a proposal that has been consistently rejected by the Congress or the voters," noted the ELC. Even without the Bush proposal, explained the ELC, existing law requires schools failing for at least two years not only to provide public school choice, but also to pay to provide supplemental services for disadvantaged students.

Where the existing law provides aid only to Title I students in failing schools, the Bush proposal would give all students in failing schools an opportunity to attend a better school.

"Further, families who take the tuition tax credit can't base their decision to remove their child from a particular school on some sort of hunch that their child is in a poor school," emphasized the ELC. "This is their *own public school system* telling them that these schools are sub-par."

For more information…

WWW The Washington, DC-based Education Leaders Council publishes *The Status Quote Weekly*, which brings what the ELC calls "the choicest weekly quote from the education status quo." Current and back issues are available at the Council's Web site at **www.educationleaders.org**.

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Federal Law Will Require Research-Based Programs

"Fads" will no longer dominate reading, math curricula

BY ROBERT HOLLAND

The teaching of reading could become the first area of education to benefit from a requirement, repeated more than 100 times in the new K-12 education law, that "scientifically based research" be the linchpin of all school practices receiving federal subsidies.

Education has been notorious for flitting from fad to fad with nothing more substantive than clever marketing techniques to justify curricular changes. Indeed, the federal government has been part of the problem.

In congressional testimony in 1999, Maris Vinovskis, a senior research scientist at the University of Michigan's Institute for Social Research, noted Washington has been collecting, analyzing, and disseminating education statistics for more than 130 years. Over time, the focus has shifted from data-gathering to research on effective ways to educate children at the state and local levels.

However, added Vinovskis, who worked in the federal Office of Educational Research and Improvement (OERI) in 1992-93, "the quality of work ... has varied greatly. As a result, educational research and development usually has not been held in high esteem by most academics and policy-makers in the twentieth century."

In February, a well-attended U.S. Department of Education (DoEd) conference looked at what the research reference in the No Child Left Behind Act means. One indication DoEd is taking the new mandate seriously is its establishment of a What Works Clearinghouse, which will draw on independent contractors to determine whether touted educational products have legitimate research behind them.

> **"Education has been notorious for flitting from fad to fad with nothing more substantive than clever marketing techniques to justify curricular changes."**

Wanted: Sound Scientific Research

Leading off the conference, Valerie Reyna, senior research advisor in DoEd's OERI, noted that while anecdotal evidence is often entertaining, "we can't base practice on it, as is well known in medicine." She expressed the department's hope that "the use of scientific research as a basis for educational practice will become routine."

The strongest form of research experiment, known as the "gold standard," is the randomized clinical trial, in which pure chance determines into which of two comparison groups the subjects are assigned. However, even the results from these studies can be compromised when something less than pure chance goes into the assignment of subjects.

Sound research can be conducted without randomized clinical trials, participants in the DoEd conference noted. But when researchers are weighing evidence by use of statistics or theories, they should take care to consider before announcing conclusions that there may be factors for which they have not controlled.

While some will charge science is "soulless and heartless" when applied to education, Reyna said it is a false dichotomy to pit science against values, or science against emotion. Relying on scientific research doesn't take the heart out of education. Instead, "facts give the students a chance for success. Without facts, we might make the wrong decision."

Reading Research Findings

Reading appears to be one area of education where practice finally is catching up to research.

Illinois reading consultant Eunice Greer said that 20 years ago, a common line of reasoning about beginning reading was, "a lot of different things work for different kids. If one doesn't work, just try another."

In sharp contrast, she said, today "there is a converging body of research" about the essential elements of teaching all children to read.

What brought the picture into focus was the April 2000 report of the National Reading Panel, which examined 100,000 studies of reading instruction done since 1966. Convened by the National Institute of Child Health and Human Development, the panel identified five essential elements of reading instruction: phonemic awareness, phonics, fluency, vocabulary, and text comprehension.

Phonemes are the smallest units of spoken language; for instance, the words "go" and "she" each consist of two phonemes. Acquisition of phonemic awareness, best taught by "working with sounds—making noise, not worksheets," is one of the best predictors of whether a child will learn to read during the first two years of instruction.

In teaching phonics—the relationship between written language and sounds—research shows that "explicit, systematic instruction is more effective than non-systematic instruction." Moreover, phonetic instruction "is most effective when begun in kindergarten or first grade," Greer said.

Fluency—the ability to read rapidly and with expression—is the "most neglected" aspect of reading instruction, Greer noted. Repeated, monitored oral reading is the surest pathway.

With vocabulary, the larger a teacher's vocabulary, the easier it is for children to comprehend. Children learn only 8 to 10 new vocabulary words taught directly in a week; they learn many more indirectly, Greer noted.

Text comprehension is the ultimate goal. This means the development of "purposeful and active readers." Teachers can begin to develop this systematically by cultivating listening and story comprehension at a very early stage.

Math Research Findings

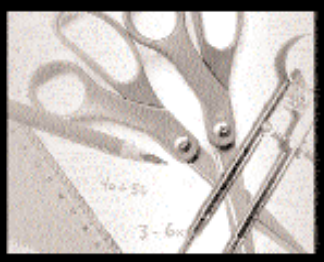
Mathematics researchers have a way to go before they reach a consensus as firm as what has emerged with reading, said Russell Gersten of the University of Oregon's Eugene Research Institute.

Gersten did, however, cite promising results from studies of low-achieving pupils who are tested every four weeks to determine where they are in math so they can be brought up to speed quickly with tutoring. A weak math student is paired up with a strong one for one-on-one peer tutoring. With just two students in a tutorial setting, the teacher can easily monitor what's going on; not so in a group of four or five, noted Gersten.

For the future, he said a useful focus of research could be an evaluation of early prevention programs and an investigation of what sort of valid predictors there are for math achievement. Some children just seem to have "number sense," a natural ability to grasp numeric concepts. A challenge for researchers is to investigate how that might be turned into teaching strategies to reach students with less natural "number sense."

Robert Holland is a senior fellow at the Lexington Institute, a public policy think tank in Arlington, Virginia. His email address is rholl1176@yahoo.com.

Building Math Power



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DISABLED continued from page 1

Education Secretary Rod Paige assembled a Presidential commission to study ways to improve and reform special education programs. That commission is slated to report its recommendations to Congress in April, when the House and Senate Education Committees will likely be immersed in their IDEA reauthorization proceedings.

Burgeoning costs are a major consideration for policymakers, whose attention is being focused on what drives costs upward: the explosive growth in the number of students enrolled in special education programs. Another concern is that only one in four special education students exits those programs with a high school diploma, according to a report from the U.S. Department of Education.

Who Are the Disabled?

The NRC study reports 12 percent of U.S. schoolchildren are currently labeled disabled, a 35 percent increase over the past decade. That increase is evident throughout each major category of disability.

The largest disabled population, those deemed learning disabled, grew from 3 percent to 6 percent of all students over the past two decades. The number of students labeled emotionally disturbed tripled, to just under 1 percent.

Between 1948 and 1966, there was a 400 percent increase in the number of students identified as mentally retarded. But from 1974 to 1998, according to the NRC study, that classification shrank from just over 1.5 percent of the special education population to 1.37 percent.

The primary focus of the NRC study, however, is on the increase in minority representation in special education programs. African-American students are 1.6 times as likely to be classified as emotionally disturbed, and more than twice as likely to be classified as mentally retarded, as white students. The only categories of disabilities where white students are more likely to be disproportionately represented are for orthopedic impairment and "other health impairment," two of the smallest populations examined.

The authors of the study suggest a relationship between poverty and disability as an explanation for the disproportionate representation of minority children in special education programs.

"We know that minority children are disproportionately poor, and poverty is associated with higher rates of exposure to harmful toxins, including lead, alcohol, and tobacco, in early stages of development," they note. "Poor children are also more likely to be born with low birthweight, to have poorer nutrition, and to have home and child care environments that are less supportive of early cognitive development than their majority counterparts."

Other prominent reformers point to other explanations related to the quality of public education received by minority students. For example, as Education Secretary Paige testified before Congress last year, "Our system fails to teach children many fundamental skills like reading, and then inappropriately identifies some of them as having disabilities."

Discrepancies Between States

The NRC study also illustrates disparities in identifying special education students from one state to another.

For example, in 1997 and 1998, the two years examined, Delaware and New Mexico each ranked among the top three states where African-American students were at the greatest risk of being labeled learning disabled. Both states also were among the three states, along with New York, where Hispanic students were most likely to receive that classification.

In both study years, Alabama and Iowa were among the states where African-American students were most likely to be deemed mentally retarded. In each case, the risk for white students was substantially lower. Iowa also ranked among the states where African-American students were most likely to be labeled emotionally disturbed.

Other Factors

Males are significantly more likely than females to fall within each major disability group. The largest disparity is within the category of emotionally disturbed, where boys comprise some 80 percent of the population. Boys also constitute 70 percent of the learning disabled population, and 60 percent of those labeled mentally retarded.

Although receiving little discussion in the NRC study, another factor contributing to the increase in special education costs is the dramatic increase in the number of children two years old or younger enrolled in these programs. Between 1988 and 1997, the number of children in this group grew almost six-fold, from 34,270 to 197,376, according to an April 2000 report by the U.S. Department of Education. Most of these children received services in their homes.

Don Soifer is executive vice president of the Lexington Institute. His email address is soifer@lexingtoninstitute.org.

A Tale of Two Government School Systems

BY GEORGE A. CLOWES

Although the government schools run by the Bureau of Indian Affairs (BIA) and the Department of Defense (DOD) both enjoy per-pupil funding levels higher than average for public schools run by state and local governments, the two sets of schools produce significantly different levels of student achievement, according to a report from the Government Accounting Office.

The report, *BIA and DOD Schools: Student Achievement and Other Characteristics Often Differ from Public Schools*, was produced last September in response to a request from U.S. Senators Robert C. Byrd, Ben Nighthorse Campbell, Byron L. Dorgan, and Daniel K. Inouye.

DOD schools were the subject of a recent report from the National Education Goals Panel, which found the schools produced superior academic achievement compared to the average public school. (See "Military Knows How to Operate Good Schools, Too," *School Reform News*, January 2002.)

The GAO report found that government-run schools for Native Americans deliver markedly inferior academic achievement compared to the average public school.

Achievement: Students in BIA schools score far below students in public schools on standardized tests, while students in DOD schools generally score above their peers in public schools.

Teachers: Nearly all BIA and DOD teachers are fully certified for the subjects or grade levels they teach. However, some BIA schools have difficulties recruiting and retaining qualified staff.

Technology: BIA and DOD schools have better access to computers and the Internet than do other public schools, but technical support is more limited in BIA schools.

Facilities: While problems with DOD school facilities are similar to those in public schools, administrators report many more problems with BIA school facilities.

Spending: Per-pupil expenditures at domestic DOD schools are only modestly above the national average—$7,725 versus $6,189 in 1996-97—compared to much higher spending in BIA day schools ($9,647) and even higher spending at tribally run BIA schools ($10,423).

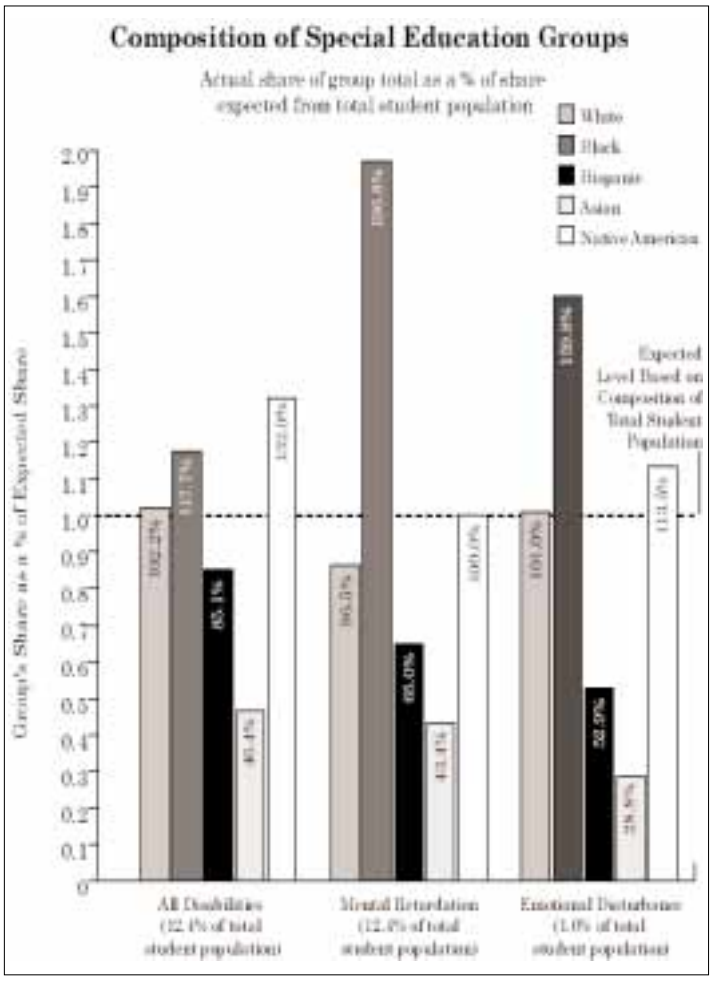
Demographics: BIA and DOD students differ markedly in demographic characteristics. One-third of the students in DOD schools are eligible for the federal free or reduced price lunch program, compared to 40 percent in U.S. public schools and over 80 percent in BIA schools. Almost all DOD parents have at least a high school diploma, compared to about three-quarters of U.S. adults and less than 55 percent of Native Americans living on or near reservations. The unemployment rate on or near Indian reservations is very high—over 40 percent in 1999.

"Almost all DOD parents have at least a high school diploma, compared to about three-quarters of U.S. adults and less than 55 percent of Native Americans living on or near reservations."

For more information…

WWW The September 28, 2001 GAO report, *BIA and DOD Schools: Student Achievement and Other Characteristics Often Differ from Public Schools* (GAO-01-934), is available from the Web site of the General Accounting Office at **www.gao.gov/new.items/d01934.pdf**.

The September 2001 report on DOD schools, *March Toward Excellence: School Success and Minority Student Achievement in Department of Defense Schools*, is available from the Web site of the National Education Goals Panel at **www.negp.gov/reports/DoDFinal921.pdf**.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Black
Hispanic
Asian
Native American
Group's Share as a % of Expected Share
Expected Level Based on Composition of Total Student Population
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Mental Retardation
(12.4% of total student population)
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- no criminal background.

That's all it would take under the competitive model of teacher certification proposed by University of Virginia education professor Frederick M. Hess in a recent report from the Progressive Policy Institute.

Does that mean almost anyone should be allowed in a classroom to teach children? "Of course not," says Hess in "Tear Down This Wall: The Case for a Radical Overhaul of Teacher Certification." Being permitted to seek work is not the equivalent of having the right to hold a position. Principals would be responsible for selecting the best candidates.

But with Hess's proposal, those principals would have a much broader and deeper pool of qualified candidates to choose from, including older professionals who want to teach children but aren't "certified" to do so under the present rules.

As well as giving more flexibility and responsibility to principals for hiring teachers, Hess's competitive model would spur the creation of training and professional development programs. For example, initial teacher training might come to resemble a "residency" program similar to that found in the medical profession.

Current System "Tolerates Incompetence"

Defenders of the present certification process claim it does the following:

- Develops skills and expertise essential to teaching.
- Weeds out unsuitable people.
- Helps make teaching more "professional."

Hess explains why each of these assumptions is flawed. In particular, teacher preparation programs "neither screen out nor weed out weak candidates, with even elite programs generally admitting 50 percent or more of applicants."

"The problem [with the current process] is not schools of education or teacher preparation programs per se," writes Hess, "but a system of teacher certification and licensure that tolerates incompetence, permits mediocre teacher training programs to flourish, and provides little incentive for training programs to be selective or weed out unsuitable candidates."

The central dilemma of the present system, according to Hess, is that "professional educators want licensure without concrete standards." This creates a series of "paper barriers" that frustrate the desire of many talented professionals who long to enter the teaching profession.

Former U.S. Education Secretary Richard Riley warned in 1999 that "too many potential teachers are turned away because of the cumbersome process that requires them to jump though hoops and lots of them."

> **"[T]oo many potential teachers are turned away because of the cumbersome process that requires them to jump though hoops and lots of them."**
>
> RICHARD RILEY (1999)
> FORMER U.S. EDUCATION SECRETARY

For more information…

WWW Frederick M. Hess's paper for the Progressive Policy Institute, "Tear Down This Wall: The Case for a Radical Overhaul of Teacher Certification," is available at the Institute's Web site at **www.ppionline.org/documents/teacher_certification.pdf.**

Hawaii Won't Certify Star Teacher

Joan Rohrback is among the best science and math teachers in Hawaii ... but she cannot teach in the state's public schools.

Although she has a doctorate in science and has taught for 15 years, the Hawaiian Department of Education will not certify her to teach in the government schools because she has not taken the requisite education courses.

The Aloha State ranks at the bottom of Jay Greene's 2001 Education Freedom Index. (See "Rx for Better Education: More Choice," page 16). This is partly because the state has just one very large school district, and so parents lack the option of moving to other districts or transferring their children across district lines. In addition, Hawaii regulates home schooling tightly and offers no assistance for private school choice.

Cliff Slater, columnist for the *Honolulu Advertiser*, recently looked at the consequences of vesting so much power over education in one government agency.

When the governor announced 11 state finalists for the 2001 Presidential Awards for Excellence in Mathematics and Science Teaching, Slater noticed that more than half the exemplary teachers were from private schools, which enroll only 16 percent of Hawaii's children. But when he interviewed Rohrback, one of the private school teachers, he found she was not certified to teach in the government schools in Hawaii.

Slater also found that a state legislator, Guy Ontai, similarly had been deemed unqualified to teach in Hawaii's government schools ... even though he has a master's degree in physics from MIT and has been an assistant professor at West Point.

"Common sense tells us that school principals worth their salt would grab these teachers," Slater wrote. "But they cannot—there are DOE rules. ... The rules, however idiotic, do have a purpose. They provide protection for the power structure. Our insecure DOE bureaucrats must constantly attempt to show that they and their central controls cannot be replaced."

From *The Friedman Report*, February 2002

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VOUCHER continued from page 1

have been operating successful school choice programs for a century," commented Clint Bolick, vice president for the Institute for Justice. "This study demonstrates that Americans have nothing to fear and much to gain by expanding educational options for parents."

Cost-Effective Approach

In his February 2002 Friedman Foundation report, "The Effects of Town Tuitioning in Vermont and Maine," Dr. Christopher W. Hammons concludes the programs offer a cost-effective means of improving student achievement. By Hammons' analysis, the two states would have to spend an additional $909 per pupil per year—a combined total of $300 million—to achieve the same gains in student standardized test scores that the competition of vouchers is providing them today.

"This report indicates that school choice works not only in urban areas but in rural areas as well," said Hammons. "Moreover, school choice in Maine and Vermont provides better education for children from different economic backgrounds."

As the United States Supreme Court began to weigh the constitutionality of the Cleveland, Ohio school voucher program amid much fanfare and public debate (see accompanying article, "'Inconsequential' Parents Rally at U.S. Supreme Court"), the Maine and Vermont programs provide ready evidence that the concept of allowing public funds to follow students to the school of their parents' choosing is almost as old as the American public education system itself. Maine's tuitioning program has operated since 1869 and Vermont's since 1874.

Unlike more recently created voucher programs in Cleveland and Milwaukee, which seek to improve educational opportunities for low-income students within concentrated urban environments, the Maine and Vermont programs were designed to serve rural school districts that, for whatever reason, do not have a public elementary and/or secondary school. High schools enroll the vast majority of tuitioning program participants.

In the tuitioning programs, families can choose to send their children to any public or non-sectarian private school, even one out of state, with the home district covering the cost, up to the state's average per-pupil public school spending.

> **"[T]he concept of allowing public funds to follow students to the school of their parents' choosing is almost as old as the American public education system itself. Maine's tuitioning program has operated since 1869 and Vermont's since 1874."**

Hammons found that areas where the town tuitioning program is most widely utilized enjoy higher test scores at the high school level. "High schools that are more exposed to the town tuitioning process tend to perform better than high schools with little involvement in the town tuitioning process," he notes. All socioeconomic groups benefit from the competition. Schools that are closer to tuition towns—whether affluent or poor, rural or urban—have higher standardized test scores than schools more distant from tuition towns.

For school choice supporters, the results of the study are not surprising. Richard Komer, a senior attorney with the Institute for Justice, says the Friedman Foundation report "confirms the common-sense notion that competition works in education the same way it works elsewhere: It delivers higher quality at a lower price."

Education Freedom Is Key

A study by Dr. Jay Greene of the Manhattan Institute provides a national complement to the Friedman Foundation report. (See "Rx for Better Education: More Choice," page 16.)

Greene's "2001 Education Freedom Index" examines the level of publicly supported education options available to each state's residents and compares that "freedom" to state student achievement. According to Greene, "where families have more options in the education of their children, the average student tends to demonstrate higher levels of academic achievement."

For instance, Greene found that a one point increase in the "Education Freedom Index" score for a state would produce the same expected improvement in National Assessment of Educational Progress (NAEP) math results as increasing per-pupil spending by $2,490, about a 36 percent increase in spending over the current national average.

"It is certainly cheaper to adopt policies that permit greater education freedom," Greene suggests, "than to try to realize similar test score gains simply by increasing per-pupil spending."

High levels of education freedom—at least in terms of publicly supported private school options—have existed in Maine and Vermont for over 100 years. The tuitioning programs are so entrenched in these states they are often forgotten in high-profile debates about school choice. Friedman Foundation President Gordon St. Angelo hopes the Hammons report will keep those voucher programs on the public's radar screen.

"These assertions," he said, "[coming] from a carefully constructed study, continue, brick by brick, to build a strong case that school choice works."

Kelly Amis, former program director for The Thomas B. Fordham Foundation, is now president of Education Allies, a new nonprofit organization that provides research and advisory services to education donors. Her email address is KLAmis@aol.com.

For more information…

WWW Christopher W. Hammons' February 2002 report for the Milton & Rose D. Friedman Foundation, "The Effects of Town Tuitioning in Vermont and Maine," is available from the Foundation's Web site at **www.friedmanfoundation.org.** Dr. Hammons can be reached for comment on his work at 281/649-3270.

Competition: Cost-Effective Cure for Troubled Schools

BY KELLY AMIS

Decades of increased spending on our nation's public school system have not produced the desired results of increased school quality and student achievement. Yet the common refrain heard from school administrators and teacher unions is that more money is needed if improvements are to be made.

The taxpaying public is hesitant to further increase spending on schools without some proof the system is capable of improving. That scenario is being played out at the federal, state, and local levels, as school spending comes under heightened scrutiny because of the recent economic downturn.

Lori Yaklin, executive director of the Michigan School Board Leaders Association, recently suggested an alternative solution: Competition.

Yaklin notes the parallel between the public school system, which holds a government-sponsored monopoly over K-12 education delivery, and Amtrak, which holds a government-sponsored monopoly over long-distance rail passenger service. Although a congressional advisory panel has recommended competition as the cure to Amtrak's many woes—including its inability to maintain a profit—Amtrak fervently argues for increased government subsidies and protection.

"Government school funding requests make Amtrak's requests look like pocket change," says Yaklin in an opinion piece written for United Press International. Michigan, she notes by way of example, has increased spending on public schools at twice the rate of inflation since 1995, "yet the mantra is still 'We can't improve until you give us more money.'"

Yaklin believes that, like Amtrak, the public schools need a strong dose of competition to motivate their improvement. She points to the millions of dollars public school associations and unions spend "lobbying legislators to protect their turf" and arguing that granting parents the right to choose among different school providers would force an exodus of students from the public schools. "[This] argument itself is an indictment of government schools and their ability to keep customers who are not captives," Yaklin states.

Recent studies by the Milton & Rose D. Friedman Foundation and the Manhattan Institute bolster Yaklin's contention that competition would provide a cost-effective remedy for improving the U.S. education delivery system. (See accompanying articles, "Century-Old Voucher Programs Show Benefits of Choice" and "Rx for Better Education: More Choice.")

For more information…

WWW The full text of Lori Yaklin's article, "Outside View: the Amtrak Option," is available at the "In the News" section of the Web site of the Michigan School Board Leaders Association, **www.msbla.org**.

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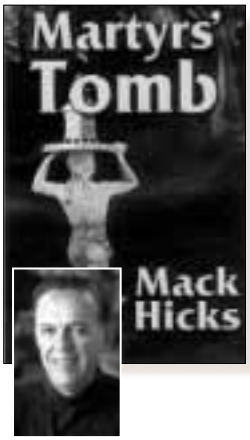

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AN INTERVIEW WITH
DONALD R. McADAMS
by George A. Clowes

School Board Members: *The Forgotten Reformers?*

When Don McAdams and Rod Paige ran for election to the Houston Independent School District board in November 1989, they were driven by the same motivation that spurs so many public-spirited individuals to serve as trustees of the nation's 16,850 school districts: To change the lives of children by having schools deliver a better education.

After winning election as HISD trustees, McAdams and Paige united with other board members to reform the nation's eighth-largest school district—from the inside.

Over the next 12 years, McAdams twice served as Board President and oversaw major changes in the district, which resulted in significant improvements in student achievement. Paige was appointed superintendent of the district in 1994 and transformed HISD's operations, organization, and philosophy over the next six years, before being tapped by President George W. Bush to become U.S. Secretary of Education in January 2001. McAdams stepped down from the board a year later, at the end of his third term.

In reforming a major U.S. urban school district, the Houston board and Paige succeeded where the norm is failure. How did they do it? How can other districts do it? What are the lessons of Houston's reform?

It was partly to address such questions that McAdams in 1999 established the Center for Reform of School Systems, initially at the University of Houston College of Education and now an independent not-for-profit organization. The mission of the Center is to support school district and community leaders who want to become more effective school reformers.

McAdams, who currently serves as the Center's president, holds a B.A. from Columbia Union College and an M.A. and Ph.D. in European History from Duke University. He taught at Andrews University and served as president of Southwestern Adventist College and the Texas Independent College Fund. He was executive vice president and adjunct consultant at the American Productivity and Quality Center; president of McAdams, Faillace & Associates, a management consulting firm; and executive vice president and COO at Texas Southern University. He recently spoke with *School Reform News* Managing Editor George Clowes.

"And let it be noted that there is no more delicate matter to take in hand, nor more dangerous to conduct, nor more doubtful in its success, than to set up as the leader in the introduction of changes. For he who innovates will have for his enemies all those who are well off under the existing order of things, and only lukewarm supporters in those who might be better off under the new."

NICCOLÏ MACHIAVELLI
THE PRINCE (N.H. THOMSON, TRANSLATOR)

CLOWES: *What prompted you to run for the school board?*

McADAMS: I've always been interested in learning, which is why I guess I became a professor in the first place. But one of the problems I had as a college president in Texas was the quality of incoming freshman students. We were spending a lot of money on remediation because more and more freshmen were coming to college unprepared for college work. There were a lot of students who couldn't find Europe on a map.

Initially, I made some real efforts to shake up the Department of Education in this college, but I was thwarted by the status quo attitudes of the faculty and the Texas Education Agency. I was interested in making changes in that agency and so I first ran for the State Board of Education in 1988. At the time I was working at the American Productivity and Quality Center and could see the link between educational performance and economic performance.

I lost my race for the State Board of Education but, shortly thereafter, a vacancy opened up on the Houston school board and I was encouraged to run by a lot of the people I had met running for the State Board. I ran, and I won.

CLOWES: *What needed to be addressed in the school district?*

McADAMS: It was obvious that the system wasn't working very well and that a drastic change was needed, but it wasn't clear exactly how to make that happen. But we started off as a board with several people being elected at that same time—Rod Paige, Ron Franklin, Paula Arnold, and myself—and we all united with Kathy Mitzberg, who already was on the Board.

We developed a belief and vision statement that outlined what we believed about public education and the vision we had for Houston ISD, and we approved it at the board table. The superintendent didn't like it and we ended up appointing a new one to try to drive the district into a reform mode.

We said we wanted a school district focused on educating children. That was job one. Everything has to relate to that. If it doesn't relate to that, then we ought not to be doing it.

Number two, we want a system where everybody is accountable for results. We want to focus on results, not on input. We want a performance basis, not a compliance basis. We want accountability everywhere in the organization.

Number three, we want a decentralized system so that people are empowered. If we're going to hold them accountable for results, we need to give them control of their workplace. But you can't get away from compliance if you have all sorts of rules and regulations to measure their input.

Lastly, we wanted a core curriculum for everybody. We didn't want any easy pathways to graduation. We wanted every child to take a good, solid academic curriculum.

CLOWES: *And the superintendent didn't like this?*

McADAMS: The superintendent resented that we were taking control of the district. She saw her job as being in charge and deciding what needed to be done. She also was a defender of the status quo.

There are a lot of people in public education who say, "It's not fair that people are criticizing us because we're doing the best we can with these children." Our attitude is, "If the public school system isn't meeting the needs of

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Lessons from Houston

"Leaving No Child Behind: Lessons from the Houston Independent School District" is a 42-page report on an October 2000 conference in Houston called "Making the Grade," where education leaders and researchers came to analyze the Houston school district's progress and scrutinize its success. The conference was organized by the Center for Reform of School Systems, which also published the report. The report, and a six-page executive summary, "How Urban School Systems Can Succeed," is available by contacting the Center by email at mcadams@crss.org, by telephone at 713/682-9888, or by mail at the Center for Reform of School Systems, 123 North Post Oak Lane #405, Houston, TX 77024.

Fighting to Save Our Urban Schools—and Winning! Lessons from Houston (Teachers College Press, 2000) is a book written by Don McAdams about the reform movement in the Houston schools that started in 1990 and continues today. The book is available through Amazon.com at http://www.amazon.com/exec/obidos/ASIN/0807738840/theheartlandinst.

Paul Hill has written about the Houston ISD in his paper "Digging Deeper," published in the Fall 2001 issue of *Education Next*. The paper is available online at www.educationnext.org/20013/6hill.html.

children, then we need to change it. Let's quit making excuses."

The next superintendent we hired was a dynamic, hard-working administrator who made a lot of improvements. But when we started pushing decentralization, he didn't want to give up much power. He was not pushed out, but when he left we had the opportunity to hire Paige as superintendent.

We decided as a board that we weren't going to go back and hire another traditional educator who would try to fine-tune the existing system. We wanted someone who knew Houston, where we were, and what our approach and philosophy was. We realized that we had someone here on the board—Rod Paige—who knew the city well, who had the respect of the leadership of the city, and who understood the Board's vision. In fact, it was *his* vision. We appointed Paige as superintendent in 1994 and, after that, the reforms really began to pick up speed.

As superintendent, he immediately put into place a very elaborate process for designing a new system. He involved leadership from the business community with extensive task force proposals, design documents, and so on. Within a year of his being selected, we had a totally new management system in place. He took the accountability system we already were developing before he became superintendent and expanded upon it. He put administrators on private sector contracts instead of tenure. He outsourced business functions in partnership with private companies—food service, maintenance, and trash disposal. He had the same vision that we did.

"We don't expect the superintendent to come in and say, 'Here's my plan for saving Houston.' We expect the superintendent to say to the board, 'Give me your plan for saving Houston, and I will implement it.'"

CLOWES: *What did the board do to make sure their reforms were sustained?*

McADAMS: We didn't have to worry about that as long as Paige was superintendent, but the board did take action when he left. To make sure we didn't have any policy churn, we selected an insider who was part of the system, understood the system, and was not coming in from outside with a whole bunch of new ideas.

There's a trade-off that the Houston board makes with its superintendent. On the one hand, we stay out of management but, on the other hand, we establish the vision and are responsible for policy.

We don't expect the superintendent to come in and say, "Here's my plan for saving Houston." We expect the superintendent to say to the board, "Give me your plan for saving Houston, and I will implement it." It's quite different from what happens in a lot of school districts, where it's often the superintendent who is in charge, not the school board.

Frequently, when there's a vacancy, board members in many districts will interview superintendent candidates and ask what their plans are for saving the district and leading them out of the wilderness. That's really backwards. What the school board needs to do is to say, "We have a belief system. We have a vision. We have a theory of action to make that vision come true. We want someone who understands this and who can make it happen."

For example, when the pioneers wanted to go to California, they put up the money, they bought the wagons, and they put the group together. They also hired a wagon master who knew how to get to California. They didn't say to the wagon master, "We'd like to have a better life. Where do you think we should go?"

It is the board's responsibility to set the direction for the district. That's their job. They are the elected officials and they can't just pass this responsibility on to the superintendent.

The recent Enron scandal illustrates this point. All too often in corporate America, boards become pawns of the CEO. That's not good for big, for-profit corporations, and it's not good for school districts, either. The board members have to accept their fiduciary responsibility and they have to exercise oversight.

Paige was the one responsible for changing the culture of the organization. And to a large extent, he did. It's much more of a performance-oriented culture today than when he became superintendent. He was in charge of making personnel decisions and changing administrative procedures. He was out there preaching to the choir and enunciating the vision every time he got a chance.

CLOWES: *Were there changes for the parents, too?*

McADAMS: Our theory of action for change was basically to implement an internal marketplace. Obviously, accountability and empowerment are characteristics of the market. Other characteristics of the market are information and choices. We tried to create as much choice as we could within the system.

We adopted a public school choice system where parents could take their child to any school in the district as long as there was space available. This has not worked as well as we would have liked because the schools are crowded and there hasn't been a lot of space available.

Mission Statement of the Houston Independent School District

BELIEFS AND VISIONS:

- HISD exists to support the relationship between the teacher and the student.
- HISD must decentralize.
- HISD must focus on performance, not compliance.
- HISD must require a common core of academic subjects for all students.

We also created about 25 charter schools; we contracted with private vendors to operate schools; and we built a lot of new schools, too, to match population shifts. We created as much choice as we could.

At one time, we had four to five hundred students in an experimental program called Contract Placement, where we gave parents who were not satisfied an opportunity to take HISD money and go to a private school. One of those schools eventually became a state charter school.

We put in a policy where the money follows the child, and the money is weighted so that children with greater need have more money following them. Our definition of equity is unequal resources for unequal needs. Principals now are competing with each other for children.

CLOWES: *What has the Houston school district accomplished as a result of these reforms?*

McADAMS: By any objective measure, HISD has improved significantly since 1993, and Houston has improved at a faster rate than the state of Texas.

Tests of student achievement are up, the dropout rate is down, attendance is up, the administrative costs as percentage of instructional costs are down. HISD has narrowed the achievement gap between affluent or middle class children and poor children. The gap between African-American and white achievement has been cut in half, as has the gap between Hispanic and white achievement. HISD has been a pioneer in reform in this country.

"It is the board's responsibility to set the direction for the district. That's their job. They are the elected officials and they can't just pass this responsibility on to the superintendent."

CLOWES: *What are Houston's lessons for board members and superintendents?*

McADAMS: The first principle is: Commit yourself to every child learning at grade level, and accept responsibility. Don't tell me you're a great board if your children aren't learning.

Second, no excuses are allowed. You have to take the resources you have, and do it. This is not to say resources aren't important, but enormous improvements can be made with the resources at hand.

The board must come up with a clear theory of action. What actions will make this happen? Is it smaller classes? Higher salaries for teachers? Charter schools? Scholarships for poor children to attend private schools? More tests?

There isn't just one theory of action that is preferred and must be accepted. A lot depends on the local situation. But to make that kind of decision, the board needs to be familiar with the literature on urban school reform and know what's going on in other cities.

On the other hand, there are some things that do need to be managed very tightly. Reading is one of them. There is a great deal of mobility in a system like ours and if you don't have some tight parameters around reading instruction, the children who move from one school to another become confused.

The next step is for the board to develop policies that will reinforce their theory of action. Having done that, don't meddle in management, and don't fight in public. Process is important and boards need to understand that.

Finally, school board members do have the bully pulpit. They need to exercise their civic leadership to build knowledge in the community about the beliefs that are driving the mission of the community's schools. That way, the school district is not dependent upon the current board members.

After all, board members come and go, as do superintendents. But the kind of people who are likely to get elected in Houston now are the ones who know what track the school district is on and want to keep going down that track.

The school board also has to pick a first-class superintendent, like Rod Paige, or his replacement, Kaye Stripling.

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Rally at U.S. Supreme Court

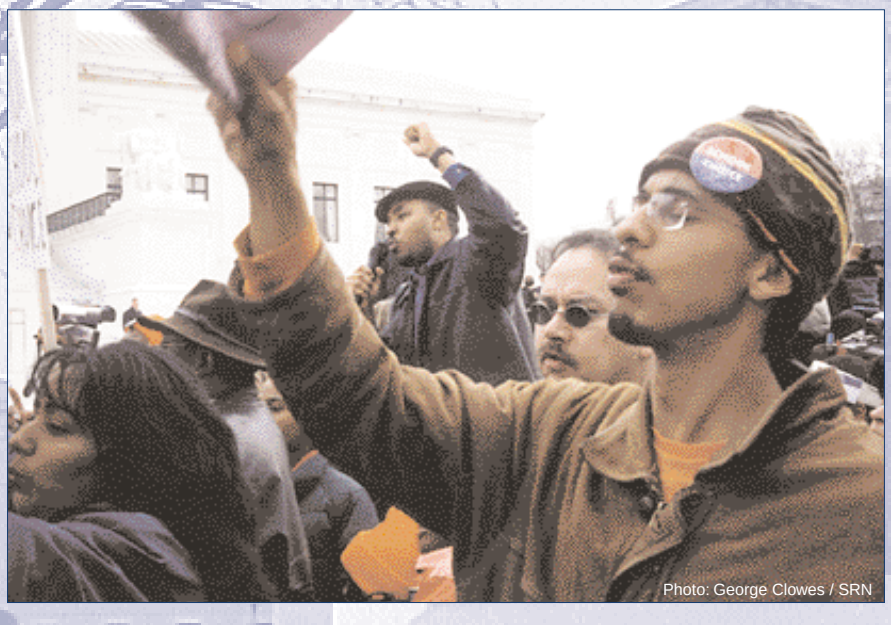

Photo: George Clowes / SRN

"Public school folk do some good things for us, but they've broken one cardinal rule. They have not educated droves and droves of our children."

Kaleem Caire, Black Alliance for Educational Options

Photo: Kelly Amis / Educational Allies

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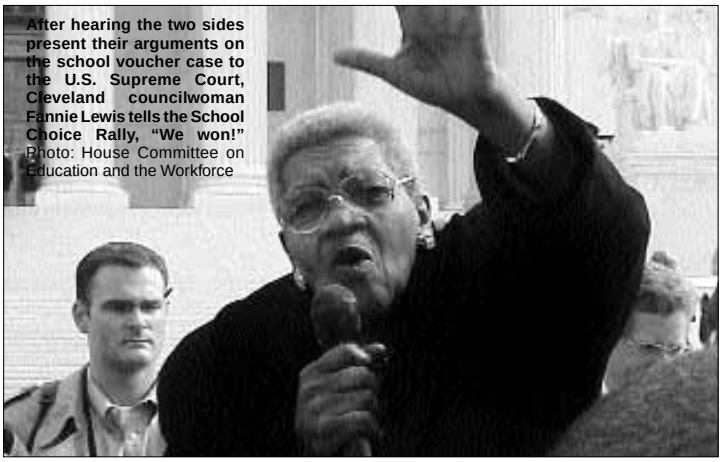
"As I stood at the rally this afternoon, I looked up and saw 'Equal Justice Under the Law.' That's all I want for my children. I want the field to be leveled so that all children can receive funding for the school of their choice."

Christine Suma, Cleveland Parent



After hearing the two sides present their arguments on the school voucher case to the U.S. Supreme Court, Cleveland councilwoman Fannie Lewis tells the School Choice Rally, "We won!" Photo: House Committee on Education and the Workforce

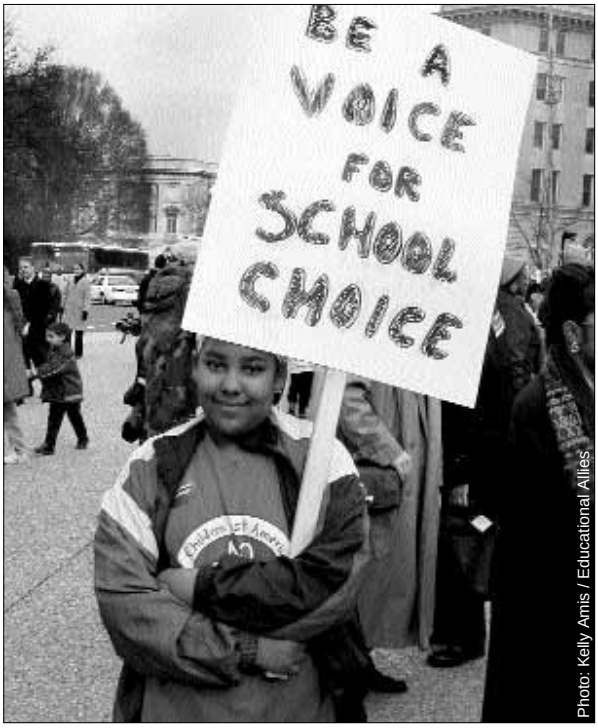


Photo: Kelly Amis / Educational Allies

RALLY continued from page 1

to 800 school choice supporters. He recounted how 58 years ago, Thurgood Marshall had argued for equal educational opportunity before the U.S. Supreme Court in *Brown v. Board of Education*, and the court had said "Yes."

"Fifty-eight years later," said Bolick, "we are here with the unfinished business from that case and we've asked for equal opportunity. And I'll tell you: The Court is going to say 'Yes.'"

Holt reminded the throng of choice supporters that the U.S. Supreme Court was finally hearing their cause because they had not given up on the fight for parental choice in education. "We won't give up," she added defiantly to cheers from the crowd, "until freedom of choice is the law of the land."

"We do have a force," reflected Daria Dillard-Stone, director of the Parent Network in Dayton, Ohio. She said the rally demonstrated a unity "I have not seen since the days of the civil rights movement."

For Cleveland councilwoman Fannie Lewis, hearing the voucher case argued before the U.S. Supreme Court was the culmination of a 50-year fight for school choice. In her mind, there was no doubt as to which side had offered the most compelling arguments to the nine Justices. She marched out of the Supreme Court chambers with her arms raised in triumph.

"We won! We won!" she yelled to the delighted crowd below.

A $2,250 Escape Valve

Legislators in the Buckeye State enacted the Cleveland Scholarship and Tutoring Program in an attempt to address a crisis in the Cleveland public schools, where fewer than one in 10 high schoolers could pass the state's ninth-grade proficiency test.

The program gives low-income Cleveland families a way to get their children out of the city's dysfunctional public schools by offering them $2,250 vouchers to use for tuition at secular or religious private schools, and at participating suburban public schools. The program has been under almost constant legal assault since it was passed in 1995, with opposition spearheaded by the teacher unions, People for the American Way, and the American Civil Liberties Union.

Opponents contend the program violates the Establishment Clause of the First Amendment to the U.S. Constitution, since the vouchers are redeemed predominantly at religious schools. Religious schools, which generally are lower-cost operations, prevail in the voucher program because a $2,250 voucher just isn't enough to pay tuition at most secular private schools. In addition, public schools in Cleveland's suburbs have refused to accept voucher students.

Supporters of the program contend any funds going to religious schools do so only as a result of decisions made by parents, not decisions made by the state. Also, contends Bolick, a rescue program shouldn't be found unconstitutional simply because the alarm is answered primarily by religious schools. U.S. Solicitor General Theodore B. Olson, Assistant Ohio Attorney General Judith L. French, and Columbus attorney David J. Young presented the oral arguments on behalf of the program.

Parents "Do Have Power"

"We hope [the Court's] decision will be to uphold and preserve the Cleveland Scholarships that empower parental choice and educational freedom for all," said Holt. "Their decision in favor of school choice will be the unique, emancipating educational opportunity for urban parents across the United States of America."

As loud cheers greeted her words, Holt cried, "Let us emancipate!" and the crowd took up the chant, "Let us emancipate! Let us emancipate! Let us emancipate!"

"We're going to keep raising our voices and making sure that we're heard," said Virginia Walden-Ford, director of DC Parents for School Choice. She conducted a roll-call of participants from more than a dozen cities across the nation who had come to support the large group of parents and children from Cleveland. The crowd included school choice advocates from:

- Birmingham, Alabama
- New York City
- Richmond, Virginia
- Dale City, Virginia
- Dallas, Texas
- Philadelphia, Pennsylvania
- Chester, Pennsylvania
- New Mexico
- Arizona
- Milwaukee, Wisconsin
- Racine, Wisconsin
- Dayton, Ohio
- Miami, Florida
- Bentonville, Arkansas

Emerging from the court after listening to the oral arguments, Bolick told the Cleveland parents they "were on the minds not only of the Justices but also of our adversaries.

"Even though most of you were on the outside today, you were inside that courtroom," he said. "They say you don't have power, but the real reason they are so concerned is that you do have power."

According to voucher opponents, parents in Cleveland's scholarship program don't exercise any power because the voucher program effectively offers them only religious schools—not a choice between secular and religious schools—as an alternative to the city's public schools. Thus, if Cleveland parents use vouchers, the voucher's tax dollars would most likely go to a religious school.

That is an establishment of religion, contend voucher opponents, with voucher parents being nothing more than "inconsequential conduits" or a "funnel" to transfer money from the state to private schools.

"Even though most of you [Cleveland parents] were on the outside today, you were inside that courtroom. They say that you don't have power, but the real reason that they are so concerned is that you do have power."

CLINT BOLICK
INSTITUTE FOR JUSTICE

In his presentation to the high court, opposition lawyer Robert Chanin made that point relentlessly, saying parents using vouchers aren't offered a true choice of schools but are inconsequential actors who merely "play a ritualistic role" in a scheme to transmit tax dollars to religious schools.

Chanin, who also is general counsel for the nation's largest teacher union, the National Education Association, asserted to the court that vouchers are a "lousy option." He provoked a sharp response when he argued the public schools need more money.

"It's not a money problem, it's a monopoly problem," said Justice Antonin Scalia.

The court is expected to rule by July.

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State Education Roundup

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"This as-yet-unseen bill has 10 times the potential impact on public education than the overanalyzed details of President Bush's education legislation, but will probably receive one-tenth the attention," commented Mike Antonucci, president of the Education Intelligence Agency, who called the measure an "unprecedented power grab."

CTA President Wayne Johnson asked the union bureaucracy to craft the legislation last summer. His proposal would allow the union to bargain curriculum, textbooks, lesson plans, discipline policy, classroom assignments, grade-level teaching assignments, and "anything else that affects our classroom and our ability to teach."

The Education Intelligence Agency Communiqué
February 4, 2002

DISTRICT OF COLUMBIA

Assaults Up Despite Increased Security

A Freedom of Information Act filing by *The Washington Times* revealed that assaults with deadly weapons in the DC government schools have doubled in the past four years, even though the school system has spent $8 million on cameras, metal detectors, and security guards to try to protect students.

The number of students caught bringing concealed weapons to school increased from 328 in 1997-98 to 423 in 2000-01.

DC school spokesmen said more complete reporting, as well as social problems in the community beyond the schools' control, were largely responsible for the increases. Students at Anacostia High School in Southeast Washington said weapons were being brought in back doors to elude security systems. "Guns, knives, baseball bats, you name it, they are all there," said one student, who asked not to be identified.

The Friedman Report
February 2002

FLORIDA

Miami-Dade Principals Blast System in "Explosive" Survey

Upon taking over as superintendent of Miami-Dade County public schools last October, Merrett Stierheim commissioned a survey of his school principals. Among the results: 84 percent of principals were convinced the system fails to "weed out bad or marginal employees"; 87 percent believed promotions "have been influenced by cronyism/nepotism"; and 69 percent are unconvinced that "decisions concerning the selection of administrative positions are based on the qualifications and competencies of the individual."

Stierheim called the results "explosive" and said the survey would be a helpful tool for reforming the $4.1 billion system. He says he wants to empower the principal as the management foundation of the whole system—"the lead teacher who appoints, counsels, and evaluates teachers."

The Friedman Report
February 2002

Schools Face Tougher Grading Standards

In December, Governor Jeb Bush and the Florida Cabinet announced a significant toughening of the grading standards for the state's A-Plus school accountability system, which provides publicly funded vouchers to students in government schools that flunk twice in a four-year period.

Last year, 78 Florida schools faced the prospect of a second "F," but all passed on the strength of big gains on the writing test.

Under the new scoring system, almost two-thirds of a school's grade will depend on students' reading achievement. Experts point out that while it's possible to teach students a formula to pass a standardized test of writing, that's not the case with reading.

In addition to raising the marks required to pass, Florida has adopted a value-added component so schools will receive points based on improvements pupils make from one year to the next. Schools also can win bonus points for improving the reading scores of the weakest students.

At meetings held to explain the new standards, *The Florida Times-Union* reported "principals gasped as they saw how schools that earned a C last year would have received an F this year" under the new rules.

The Friedman Report
January 2002

Court Challenge to Vouchers Inches Forward

On February 13, Institute for Justice lawyers defending Florida's A+ Opportunity Scholarship Program had their first hearing before Judge Kevin Davey, assigned to the case after an appellate court ordered the previous judge to disqualify himself.

At the hearing, Davey rejected an attempt by the plaintiffs to split off one of their state constitutional claims and have the court strike down the program on that basis alone. The plaintiffs were similarly unsuccessful when they attempted to do the same thing two years ago.

Davey agreed with Institute for Justice lawyers that it would not be prudent for him to make any ruling on the merits of the case without the benefit of the Supreme Court's decision regarding the constitutionality of Cleveland's school choice program. Both sides are expected to present cross-motions for summary judgment shortly after that decision is handed down.

Institute for Justice
Litigation Update
February 19, 2002

Expansive Voucher Bill Headed for House

A bill that could greatly expand Florida's statewide voucher program was approved by a 9-7 vote of the House Council for Lifelong Learning on February 14, readying the measure for consideration by the full House.

Under the bill, called the "No Strings Attached Act," school boards that provided parents with school vouchers would be exempt from

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most state budgetary restrictions and accountability requirements of the A-Plus Accountability program. The vouchers could be used at private schools or at a different public school.

The measure, HB 1587, is opposed by Governor Jeb Bush, who wants to give school districts more flexibility but said the proposal is "not the right one" at this time.

St. Petersburg Times
February 15, 2002

Superintendents Would Pay If Fourth-Graders Couldn't Read

Unhappy that an estimated 47 percent of the state's fourth-graders can't read at grade level, Florida Governor Jeb Bush asked lawmakers during his January State of the State address to toughen the promotion requirements for moving to fourth grade and to punish failing school districts.

Responding to these concerns, Rep. Ralph Arza (R-Hialeah) and Sen. Anna Cowin (R-Leesburg) developed parallel House and Senate bills—CS HB 1259 and SB 2314—that close loopholes in the 1999 social promotion law.

The House Education Innovation Committee added teeth to the House bill in a February 19 meeting. The revised measure would prohibit school districts form passing third-graders who have trouble reading, and allow the state Board of education to "withhold a portion of the district school superintendent's salary" until the Board is satisfied the district is meeting the law.

St. Petersburg Times
February 20, 2002

HAWAII

Public School Lifts Ban on Satanic Symbols

The Kaimuki High School dress code banned pentagram jewelry and other Satanic symbols ... until Hawaii Citizens for the Separation of State and Church found out. The school lifted the restrictions when the organization claimed the dress code violated the First and Fourteenth Amendments to the U.S. Constitution.

"Of course, Satanism cannot be singled out like that, whether you agree with it or not," organization President Mitchell Kale told the *Honolulu Advertiser*. "It is a recognized religion in this country."

The Education Intelligence Agency Communiqué
February 11, 2002

MISSOURI

Progress Pleases Parents in Scholarship Program

Approximately 1,300 children in St. Louis receive private scholarships of up to $1,500 a year to help them attend private schools of the families' choice. At year's end, a reporter for the *St. Louis Post-Dispatch* interviewed some of the parents and found high levels of satisfaction.

For instance, Aura Dillard said her four children were prospering academically and socially since enrolling at a Catholic school, Holy Family School, three years ago. One of her children had repeated second grade in her government school, yet still had not been taught to read. After just one year at Holy Family, he was reading. Dillard said she could not have afforded Catholic schools for her children without the scholarships.

Holy Family Principal Mary Ann Kaufmann told reporter Matthew Franc that 47 of her 258 pupils were on scholarship. While she did not claim huge test score gains, she said, "I'm thoroughly convinced it has helped each of them" not only with test gains but in terms of improved behavior, increased interest in learning, and greater involvement by their parents in their schooling.

The Friedman Report
January 2002

NEW JERSEY

"I Went to Jail and All I Got Was ... Nothing"

Last year, 228 teachers from Middletown, New Jersey went to jail for refusing to obey a back-to-work order, saying, one after another, "I won't go back until we have a fair, equitable, signed contract."

Ultimately, they did go back to work, but without a contract and without a provision for binding arbitration, their fall-back goal. When mediator Ronald J. Riccio delivered his ruling in early February, it was approved unanimously by the school board.

The only real union victory was the mediator's approval of a union demand for a four-year contract, while the board had offered only three years. The union demanded a pay increase averaging 4.625 percent per year over four years, while the board offered an average of 4 percent per year. Riccio's ruling provided 4.325 percent per year.

But the mediator's proposal also requires the union to drop a lawsuit that would prevent the board from docking the teachers' pay for the time they were on strike—between $800 and $2,000 out of the average teacher's wallet.

The union also took a beating on its call for no increase in teacher health insurance costs. While the board wanted to increase the teachers' obligation by almost $690,000 over three years, Riccio's ruling raised the obligation by $645,000 over four years.

The Education Intelligence Agency Communiqué
February 4, 2002

NORTH CAROLINA

Desegregation Gives Way to School Choice

In 1971, the U.S. Supreme Court handed down a landmark decision, *Swann v. Charlotte-Mecklenburg Board of Education*, which held that Charlotte must use a combination of busing and magnet schools to end racial segregation. Thirty years later, the era of desegregation is giving way to the era of school choice in Charlotte.

Under a Family Choice Plan developed after a federal appellate court ended busing (upon finding the school district was racially "unitary"), families were being asked to rank in order of preference three government schools within their local zones that they would like their children to attend. A computerized lottery will determine final placements.

The initial response indicated a big appetite for education choice. By the middle of the week following the district's sign-up notices, 96.5 percent of Charlotte-Mecklenburg's 106,000 students had completed applications. And those were only the applications that came in over the Internet or by phone. Those taken in person at the schools had not yet been counted.

A system spokesman said the response showed parents want stability and the "right to decide their children's education future." But the school board chairman, Arthur Griffin, worried some schools may not be as ready as other schools to provide "meaningful choices" yet.

The original plaintiffs in the desegregation case still hope the U.S. Supreme Court will reverse the lower court's decision and reinstate busing.

The Friedman Report
February 2002

PENNSYLVANIA

High Level of Interest in Tax Credit Program

As Philadelphia prepares to implement an historic venture in private management of its troubled schools this fall, it appears a new statewide program to help needy families pay tuition for their children to attend private or parochial schools will also be off to an auspicious start.

Last May, the legislature approved giving $20 million in tax credits to corporations that donate money for scholarships. As of late January, 900 companies and 87 scholarship organizations had applied. The expectation is that as many as 10,000 Pennsylvania students will benefit from the first round of scholarships in September.

The Friedman Report
February 2002

30+ Organizations Seek to Help Philly Schools

The School Reform Commission, jointly appointed by Governor Schweiker and Mayor Street to reform the Philadelphia school system, has received applications from more than 30 organizations seeking to serve as consultants to the school administration. The consultants would assist in improving virtually every aspect of how the schools are run, from recruiting teachers to balancing budgets.

Although Schweiker believes Edison Schools, the nation's largest for-profit manager of public schools, could do the job on its own, he "welcomes this fair and open process to allow other vendors to participate," said a spokesman for the governor.

The Friedman Report
February 2002

RHODE ISLAND

Intimidation by Intolerant Teachers Swings Contract Vote

Providence Journal Bulletin reporters Gina Macris and Marion Davis recently described how members of the Providence Teachers Union, an affiliate of the American Federation of Teachers, displayed hatred and intolerance toward other members who approved of a contract that union officials had negotiated with the city school district. The intimidation was effective, and members voted to reject the contract by a 3 to 2 margin.

"The catcalls started when union president Phil DeCecco asked the 1,500 teachers in front of him to vote by separating themselves into two groups," wrote Macris and Davis. "Charles Gormley, an elementary school teacher, said some people who had to get up and move to vote 'yes' found their paths blocked by the opposition."

According to Gormley, rank-and-file members stood on chairs and screamed at teachers by name in the 'yes' bloc, telling them to change sides. This so intimidated some teachers they left the meeting without voting, leaving those who remained to defeat the contract by a vote of about 900 to 600.

"I hate to say it, but it was a mob mentality," literacy coach Donna E. Nicholson told the reporters. "A lot of people were very, very upset by the behavior. I was embarrassed."

Providence Journal Bulletin
January 27, 2002

WISCONSIN

High Court Slaps Voucher Opponents for Attacking Choice Decision

On February 19, the day before the U.S. Supreme Court heard oral arguments on the constitutionality of the Cleveland voucher program, the Wisconsin State Supreme Court sharply rejected a motion from voucher opponents calling on the court to reconsider its 1998 4-2 ruling upholding the Milwaukee voucher program.

The motion alleges one of the justices who voted to uphold the program had received improper support from school choice supporters during his election campaign the year before the case was argued.

The Wisconsin high court said the timing of the motion indicated it was "filed in bad faith, for improper purpose, to undermine the public's confidence in the legitimacy of this court's decision" on the eve of oral arguments before the U.S. Supreme Court. The court also required the plaintiffs to pay defendants' attorneys' fees, on the grounds the suit was "frivolous" and constituted "an attack on the integrity of the court's decision."

The Wall Street Journal
February 22, 2002

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Rx for Better Education: *More Choice*

Increasing student achievement without increasing spending

BY GEORGE A. CLOWES

Lawmakers could improve education in their states very cost-effectively by changing state laws to expand school choice and strengthen accountability within existing school systems, suggests a new study from the Center for Civic Innovation at the Manhattan Institute for Policy Research.

"Implementing tax credits for private school scholarships, adding new charter schools, adopting school report cards, sanctioning failure, and deregulating home-schooling can produce test score gains, in an entire state, that would otherwise require thousands of additional dollars in per-pupil spending," concludes education researcher Jay P. Greene in his January 2002 report, "2001 Education Freedom Index."

The Education Freedom Index is a ranking of the 50 states according to how freely parents can choose to educate their children. It puts a value on the bundle of educational options that each state offers through government subsidies and regulations. The Index comprehensively assesses four different ways in which a state can enhance educational freedom:

- making it easy for parents to choose public schools or public school districts for their children;
- providing for charter schools;
- offering publicly funded vouchers; and
- lightly regulating home schooling.

"[I]f more freedom leads to better educational outcomes, then the public interest would be better served by increasing choice in education rather than restricting it."

Some States More Free than Others

The availability of such educational options varies widely by state.

For example, while nearly a quarter of all public schools in Arizona are charter schools, more than a dozen states do not permit charter schools at all. While 13 states offer no assistance whatsoever to parents who choose private schools for their children, nine other states provide vouchers and tax credits to aid such families. Home schooling regulations also vary widely by state, as do publicly funded opportunities for parents to choose public schools other than the one to which their child is geographically assigned.

In states where families have more options in the education of their children, the average student tends to demonstrate higher levels of academic achievement. Greene also found that states with the most education freedom showed the largest test score gains during the 1990s, as measured by the National Assessment of Educational Progress math test. Further, the gains for initially low-scoring states were related to the strength of a state's accountability system, i.e., academic standards, sanctions, and report cards.

A "Curious" Restriction on Liberty

Greene's findings have revolutionary implications for public policy.

While the public has a compelling interest in seeing that all children are educated, the traditional means of achieving this has severely constrained parental choice in schooling by limiting public funding to government-owned and government-operated schools. If more freedom leads to better educational outcomes, then the public interest would be better served by increasing choice in education.

"In the U.S., the government does not, in general, restrict how families raise their children—does not prescribe what clothes they should wear, what food they should eat, or what books they should read," notes Greene. "Given that education is really just an extension of child-rearing, it is curious that liberty is granted in one arena while often restricted in the other."

Moving Up ... and Down

Greene's latest report is the first update of the index since it was developed in September 2000. (See "Surprise! Freedom Is Good for Education, Too," *School Reform News*, November 2000.) Only three states retained the same rank as the previous year: top-ranked Arizona, Maryland (46th), and Hawaii (50th).

The many shifts in rank came not because most states had major policy changes over the past year—in fact, most did not—but because just a few states enacted major changes in policy and experienced significant changes in their standings.

Utah, for example, dropped from 29th to 49th place, partly because of a low grade on its home schooling laws, but also because of the Beehive State's failure to expand charter school options while other states were rapidly doing so. Iowa dropped 19 places, to 33rd, for similar reasons. South Dakota's fall from 15th to 31st was largely because other states made more progress than the Mount Rushmore State in initiating or expanding charter school options and subsidies for private school choices.

The most dramatic change in rank was for Florida, which moved up from 35th to 4th because it initiated or expanded a series of educational options for parents during the past year. Florida's McKay Scholarship Program provides especially needy families with private school vouchers; an extensive tax credit program provides scholarship funds to help children from low-income families attend private schools; and charter school options were expanded. The state's A-Plus accountability program already offered vouchers to children attending chronically failing schools.

Sunshine State Governor Jeb Bush said he was "greatly encouraged" by the report, noting it makes clear "the state's unprecedented attention to improving the education climate" of Florida.

According to the statistical analysis in the report, Florida's policy changes should result in an additional 2 percent of the state's students performing proficiently on the math NAEP test. The state would have to increase per-pupil spending by more than 20 percent to realize the same gain in test scores, according to the statistical model.

Oklahoma and Indiana both enacted policies that introduced charter schools, resulting in ranking increases of 21 and 12 places, respectively. Missouri and North Carolina both moved up 11 places after receiving better grades on their home schooling laws from the Home School Legal Defense Association. Pennsylvania moved up 11 places after adopting a new tax credit for private school scholarship funds.

EDUCATION FREEDOM INDEX 2000 and 2001

STATE	EFI 2001 SCORE	EFI 2001 RANK	EFI 2000 RANK	CHANGE IN RANK
Arizona	2.94	1	1	0
New Jersey	2.43	2	4	2
Delaware	2.40	3	7	4
Florida	2.39	4	35	31
Minnesota	2.37	5	2	-3
Wisconsin	2.36	6	3	-3
Texas	2.32	7	6	-1
Missouri	2.26	8	19	11
Michigan	2.26	9	11	2
Oklahoma	2.23	10	31	21
Idaho	2.20	11	12	1
Colorado	2.16	12	8	-4
Indiana	2.15	13	25	12
California	2.11	14	21	7
Maine	2.09	15	9	-6
Oregon	2.06	16	5	-11
New Hampshire	2.04	17	16	-1
Nebraska	2.02	18	13	-5
New Mexico	2.02	19	23	4
Kansas	1.96	20	30	10
Illinois	1.94	21	24	3
Pennsylvania	1.86	22	33	11
Louisiana	1.84	23	26	3
Connecticut	1.84	24	10	-14
Vermont	1.83	25	28	3
Ohio	1.82	26	18	-8
North Carolina	1.80	27	38	11
Washington	1.79	28	20	-8
Montana	1.79	29	37	8
Wyoming	1.79	30	40	10
South Dakota	1.78	31	15	-16
Arkansas	1.76	32	17	-15
Iowa	1.76	33	14	-19
New York	1.75	34	27	-7
Georgia	1.68	35	41	6
Massachusetts	1.66	36	22	-14
Mississippi	1.64	37	34	-3
Alaska	1.62	38	42	4
South Carolina	1.59	39	43	4
Tennessee	1.53	40	36	-4
Alabama	1.50	41	39	-2
Virginia	1.47	42	44	2
Kentucky	1.44	43	47	4
North Dakota	1.43	44	32	-12
Nevada	1.40	45	48	3
Maryland	1.37	46	46	0
West Virginia	1.36	47	49	2
Rhode Island	1.35	48	45	-3
Utah	1.34	49	29	-20
Hawaii	0.88	50	50	0

For more information...

WWW The January 20, 2002 report by Jay P. Greene, "2001 Education Freedom Index," is available from the Manhattan Institute's Web site at **http://www.manhattan-institute.org/cr_24.htm**. Greene's first report is available at **http://www.manhattan-institute.org/html/cr_14.htm**.

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Catholic Schools Innovate ... and Thrive

Creative thinking keeps doors open despite funding challenges

BY WILLIAM MURRAY

Changing demographics in cities across the United States have brought major financial challenges to many parish-run Catholic schools, as incomes in the surrounding community have declined and school enrollments have become more dependent upon non-Catholics.

Rather than face extinction through a debilitating combination of decreasing enrollments and increasing deficits, many schools have found that adopting a board of trustees governance structure is the first step to putting their operations back on sound financial footing.

It's not the only step. For example, changing who's in charge of Cardinal Ritter College Preparatory School in St. Louis has bolstered the school's fundraising efforts, but created new worries for the school's teachers and staff.

By changing from a school run by the St. Louis Archdiocese to one that's a nonprofit corporation run by a board of trustees, Cardinal Ritter has raised $26 million over a three-year period. This has enabled school officials to develop a plan for moving the school out of a depressed North St. Louis neighborhood and into a desirable downtown location that's just a block away from Symphony Hall and a black repertory theater, and just two blocks from a public television station, according to Carmele Hall, the president and principal of the school.

"Staying there would only ensure our demise," she said of the Walnut Park neighborhood where the school has been for 50 years and gone through a transition from being all-white to predominantly black. The school has problems recruiting students to come into the area, Hall explained.

After the school changed to nonprofit status, Archbishop Justin Rigali of St. Louis helped the new board of trustees raise money by attending meetings with potential donors. This resulted in agreements with such firms as A.G. Edwards & Sons Inc., Commerce Bank NA, the Danforth Foundation, Emerson Electric Co., and Ralston Purina Co.

Hall hopes the new 19-acre campus, scheduled to open in June 2003, will enable the school to attract students from diverse backgrounds while increasing enrollment from the current level of 219 students to 400. The school's successful fundraising drive means it will probably be able to maintain tuition near its current $3,700 level and not price out middle-income families, according to Hall.

Despite the Cardinal Ritter board's fundraising success, the change from being run by the archdiocese to reporting to the board has caused concern for Hall and other faculty and staff. Hall, for example, who has served as principal for 14 years, was waiting to find out if she would continue to serve as principal or move to take over the job of president, which deals more with alumni and community relations and development.

"This is probably going to be as hard as anything we've done," she said. "It does present some challenge. We don't know how it will look."

Precarious Outlook

In recent years, Catholic high schools with predominantly black enrollment have been far more likely to close than move to better neighborhoods. That precarious outlook has led some of them to consider fundamental changes.

For example, Verbum Dei High School in Los Angeles has adopted a corporate internship model where a student works one day a week at a local business, which pays roughly 75 percent of the student's tuition. (See "Cristo Rey School Puts Students to Work," *School Reform News*, January 2002.)

Other Catholic schools are in danger of closing. Archdiocese of Los Angeles officials this year announced that Queen of Angels Academy, an all-girls school in Compton that would have celebrated its 40th anniversary next year, will close at the school year's end. Two of Detroit's four black Catholic high schools are in danger of closing, according to principals there. Alabama's two black Catholic high schools are also endangered, according to the heads of those schools. In Washington, DC, only one predominantly black Catholic high school remains after the archdiocese closed three schools there in 1989.

> **"By changing from a school run by the St. Louis Archdiocese to one that's a nonprofit corporation run by a board of trustees, Cardinal Ritter has raised $26 million over a three-year period."**

Changing Governance Structures

The traditional Catholic school arrangement is for the parish to run its own elementary school, which usually is located near the church. Under that governance structure, the church's pastor has the final say over school decisions, including hiring and firing the principal and paying the bills. The school may have an advisory board but, as the name implies, its sole function is to give advice to the principal and pastor.

In some cases—as with eight center-city schools in the Archdiocese of Washington, DC—an archdiocese may take over the running of schools and relieve pastors of the tasks of balancing the books, collecting tuition, upgrading buildings, hiring principals, and fundraising.

An advantage to having a board of trustees run a school is that it gives the school the opportunity to ask influential business executives and civil leaders to serve in an important position—running a Catholic school—and give their time and resources to help the school meet its financial needs. Under a trustees-style governance structure, dioceses and parishes are no longer solely responsible for subsidizing schools whose work extends beyond their parishes.

At parish-run Immaculate Conception High School in Montclair, New Jersey, just 7 percent of the school's 298 students come from Immaculate Conception Parish. Like Cardinal Ritter, Immaculate Conception has changed from an all-white school to one that's predominantly black, attracting children from failing public schools in the East Oranges and Newark.

Immaculate Conception school officials have asked the Archdiocese of Newark to allow them to become a private school run by a board of trustees, according to Willard Taylor, the school's admissions director. "Pastors can come and go," he explained, noting the risk involved in having a pastor who was not "school-friendly."

Different Priorities

Reflecting the school's need to emphasize alumni relations and fundraising in securing its future, Immaculate Conception's principal, Sr. Maureen Crowley SCD, will become the school's president in July, according to Taylor. Reflecting similar priorities last year, the Blessed Sacrament Sisters, who run all-girls Xavier Prep High School in New Orleans, recreated their president's job, said Sr. Eileen Sullivan SBS, the school's president.

What hasn't changed in Catholic high school education is that private high schools run by religious orders are remaining private, with the religious order running the school while relying on a board of trustees for fundraising and other help. In some cases, the religious orders—such as the Benedictines, Christian Brothers, and Jesuits—will administer the school, which is owned in effect by the local diocese.

Murray is a freelance writer in Rockville, Maryland. His email address is wamurray@familink.com.

Angel Revives Catholic Schools in Memphis

A second round of anonymous multimillion-dollar donations will help re-open three long-closed Catholic schools in Memphis, Tennessee, according to the February issue of *The Friedman Report*. That brings the total of revived parochial schools in the city to nine. In 1999, a first round of anonymous donations allowed the reopening of six inner-city Catholic schools.

"Before all this, we were closing schools and downsizing," said Mary McDonald, superintendent of Catholic schools. "It's truly a miracle, and we aren't stopping now."

Much of the donated money will go for scholarships. Approximately one-half of the 7,500 students who attend 24 Catholic schools in Memphis do so with the help of scholarships.

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Public Schools Don't Want the Money to Follow the Child

Last month's *School Reform News* noted that an organization representing 32 of Indiana's largest school districts had called for a moratorium on charter school approvals because they didn't want to lose the state funding for students who transferred out of their districts.

The Center for Education Reform reported in January that the New York State School Boards Association (NYSSBA) had called for a similar moratorium on the granting of additional charters in the Empire State.

"The NYSSBA shall seek legislation to establish a moratorium on the granting of additional charters to new charter schools until such time that the legislature mitigates the negative financial and educational impact of the current charter school law," according to one of the group's position statements for 2002.

A state advisory body in North Carolina got to the heart of the matter by recently supporting an expansion of charter schools but also recommending districts be held harmless by continuing to receive about half of the funding for each student who left. Roger Gerber, head of North Carolina's charter school league, explained it this way to the Center for Education Reform:

"Your community has a restaurant. One in 25 patrons die from food poisoning at this restaurant. Restaurants throughout the state have a similar problem. The controlling powers decide to only allow another 10 restaurants to open in the state. If your area is fortunate enough to get another restaurant you can take heart in the fact that the original restaurant will be held harmless if some customers elect to try the new restaurant."

"North Carolina recently supported an expansion of charter schools but also recommended districts continue to receive funding for each student who left."

In approving a YouthBuild charter school recently, the St. Louis Public Schools found another way to support charter schools without fear of losing funding or students. That's because YouthBuild USA provides GED and construction trades training to young people who are no longer in school, either because they have dropped out or have been expelled. Having them re-established as students brings more state aid to the district.

"They won't pull students from the district," said District Superintendent Cleveland Hammonds, Jr., in justifying the approval.

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Charter School Facilities & Finance

The two biggest problems in charter school development have been identified as facilities and finance. With this column, School Reform News aims to bring its readers the newest ideas on solving these problems.

Law Gives Charter Schools Access to Tax-Exempt Bonds

BY MARK HOWARD

A recent change to federal law permits local school districts and charter schools to enter into public-private partnerships to take advantage of tax-exempt bonds for developing new school facilities as well as renovating, refurbishing, and equipping existing ones.

The change was made to stimulate private sector involvement in school construction and renovation. Unmet needs in this area total $127 billion nationwide, according to an estimate from the National Center for Education Statistics (NCES), which also reports 75 percent of the nation's schools need funds to bring their buildings into "good overall condition."

A provision in Section 422 of the "Economic Growth and Tax Relief Reconciliation Act of 2001" expanded the definition of "an exempt facility bond" to include bonds issued for qualified public educational facilities. Exempt facilities typically are large public works, such as solid waste disposal plants and water pumping stations, which often receive a mix of private investment and public assistance. The new bonds for public educational facilities share this partnership feature with existing exempt facility bonds.

Definitions

Under the 2001 Act, a qualified public educational facility is defined as any school facility which is:

(a) Part of a public elementary school or a public secondary school, and
(b) Owned by a private, for-profit corporation pursuant to a public-private partnership agreement with a state or local educational agency (LEA).

A satisfactory public-private partnership agreement is one where the private entity agrees to do one or more of the following: construct, rehabilitate, refurbish, or equip a school facility. At the end of the agreement, the private entity must transfer the school facility to the LEA for no additional consideration.

A school facility is any school building or functionally related facility and land, including any facilities used primarily for school events, such as stadiums. That broad definition allows the bond proceeds to be used for nearly any school-related capital investment. However, to maintain tax-exempt status, the bonds must comply with Internal Revenue Service regulations governing the use and purposes of tax-exempt bonds.

Volume Cap

These tax-exempt facility bonds are not counted against a state's private activity volume cap but instead have their own individual caps. In the case of qualified public educational facility bonds, that limit is equal to $10 multiplied by state population. Based on the 2000 population count, this gives a potential nationwide total for these bonds of $2.8 billion.

The result of the law change is that state and local governments can issue private activity tax-exempt bonds for school construction. Charter schools will be able to take advantage of these bonds where there is state participation in the development of educational facilities or where the LEA is favorably disposed towards charter schools. However, finding a private partner and forming a public-private partnership is a challenging undertaking.

Partnerships

The definition of a "public-private development partnership" incorporates several features, including:

- the close collaboration of a public entity and a private entity;
- structuring, negotiating, and implementing the project;
- finance, design, and construction; and
- operation of the completed facility.

Many public-private developments are complex undertakings that involve accommodations of multiple competing interests in order to produce a successful partnership deal structure. It is not necessarily a matter of finding middle ground but, typically, of finding a creative way to solve a unique mix of problems.

Tailored Approach

Every public-private partnership is different and every deal structure must be customized to meet the objectives of the individual public and private partners. It is the ability to specifically tailor partnerships that makes this public-private finance and development approach so attractive. The level of responsibility of each partner can be designed to accommodate their individual capacities to perform and their desired levels of involvement.

To make this approach work, charter school operators must understand the financial responsibilities and risks involved in the development process. They also must invest time and energy in seeking out reliable partners for facility development. The payoff is the ability to tap into private activity bonds, which gives them greater options for creating suitable permanent facilities.

Mark Howard has specialized in the development of commercial properties since 1980. He owns and operates M.H. Realty Associates, Inc. in Tamarac, Florida. Readers with questions on facilities and finances are encouraged to contact him directly at mgfl@aol.com. The most frequent questions about common problems will be included in future columns.

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